

EXHIBIT N

[PUBLIC VERSION]

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF WYOMING

CUSTODIA BANK, INC.,

Plaintiff,

vs.

No.

FEDERAL RESERVE BOARD OF

22-cv-00125-SWS

GOVERNORS and FEDERAL RESERVE

BANK OF KANSAS CITY,

Defendants.

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CONFIDENTIAL DEPOSITION OF JUDITH HAZEN, a
Witness, taken on behalf of the Plaintiff before
Kelsey Robbins Schmalz, CSR No. 1571, CCR No. 1148,
RPR, pursuant to Notice on the 16th of October, 2023,
at the Federal Reserve Bank of Kansas City, 1
Memorial Drive, Kansas City, Missouri.

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1 services would be able to access them without having
2 a Fed account.

3 Q. How do you get access to services
4 without having a master account?

5 A. It would settle through a
6 correspondent institution.

7 Q. Okay. So now we're getting to it.
8 When you told me earlier that you could not have a
9 master account and get services, you mean if you
10 corresponded with another bank that did have a master
11 account?

12 A. Yes.

13 Q. And used that bank's master account?

14 A. Yes.

15 Q. So unless -- so if I'm a nonmember
16 state-chartered depository institution, and I want
17 any of the services that the Federal Reserve offers,
18 if I don't have my own master account, I have to get
19 another bank to agree to allow me to utilize their
20 services. Is that your understanding?

21 MR. MICHAELSON: Object to the form.

22 A. In order to access the Fed's services,
23 you would either need to access them directly through
24 us or you would need to access them through an
25 institution that has access to them, so.

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1 Federal Reserve Board of Governors and even go beyond
2 them, all that stuff that was stricken out by someone
3 at the Federal Reserve Board of Governors, that, in
4 fact, was deleted from the final version you sent to
5 Esther George; was it not?

6 MR. MICHAELSON: Objection. Form.
7 Misstates what was stricken out.

8 You can answer.

9 BY MR. ORTIZ:

10 Q. You know what I'm talking about, don't
11 you, ma'am?

12 A. The final version of the memo would
13 have incorporated feedback that we had received from
14 the number of individuals working on this within the
15 Reserve Bank, and we also would have taken into
16 consideration any feedback that we received from the
17 Board of Governors staff.

18 Q. This is Bate number 2127. We'll mark
19 this as Exhibit 37.

20 (Hazen Exhibit No. 37 was marked for
21 identification.)

22 BY MR. ORTIZ:

23 Q. This is dated January 27th, 2023. So
24 Exhibit 37 is ultimately what was provided to Caitlin
25 Long?

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1 A. This is the letter communicating our
2 decision on the master account request.

3 Q. And this decision was issued on the
4 same day that the Board of Governors issued their
5 decision denying the membership, correct?

6 A. As I said before, the final piece that
7 we needed to understand before we could conclude our
8 analysis was what the decision was going to be by the
9 Board of Governors on the membership request, so once
10 that was determined and communicated, we could then
11 communicate our decision -- finalize and communicate
12 our decision on the master account request.

13 Q. Well, from a timing standpoint of when
14 your chose to notify my client and when the Board of
15 Governors chose to notify my client about the
16 membership application denial, those were all issued
17 on the same day, January 27th, 2023, correct?

18 A. Yes. After they communicated their
19 decision, we were able to take that into account in
20 our decision and communicate our decision.

21 Q. And it's your testimony under oath
22 that you did not know about that prior to
23 January 27th?

24 MR. MICHAELSON: Objection. Form.
25 Misstates prior testimony.

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1 the action of the Governors was going to be.

2 Q. Now, how was it that your notification
3 of the master account, the Board of Governors
4 notification of the membership application coincided
5 on the same day, January 27th, 2023, that the White
6 House issued a specific release that was basically
7 anti-cryptocurrency? Was that coordinated between
8 the executive branch, your bank, and the Board of
9 Governors?

10 A. I can't speak to any actions by the
11 executive branch. The timing of the membership
12 decision and the final decision on the master account
13 was based on the timing of the Board of Governors's
14 decision on the membership.

15 Q. So is it your testimony that you were
16 not told from any source, Esther George or anyone,
17 that we were going to do the timing of this denial on
18 the same time, same day that the White House was
19 coming out with a stance against cryptocurrency?
20 You're saying that was just coincidental?

21 MR. MICHAELSON: Objection. Form.

22 A. I had no knowledge of the White House
23 communication that you're referring to.

24 BY MR. ORTIZ:

25 Q. That really seems hard to fathom that